

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 774 (Ashby) – As Amended July 9, 2025

Policy Committee: Business and Professions

Vote: 17 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill extends the operations of the Department of Real Estate (DRE) and the Bureau of Real Estate Appraisers (BREA) to January 1, 2030, and makes other changes to real estate law recommended during the joint sunset review of DRE and BREA.

Separately, this bill extends the operation of the Bureau of Automotive Repair's (BAR) citation remedial training program to January 1, 2028.

Specifically, in addition to numerous technical and clarifying changes, this bill:

- 1) Extends the sunset dates for both DRE and BREA by four years, from January 1, 2026, to January 1, 2030.
- 2) Requires the annual report submitted by DRE to the Legislature regarding military license data additionally include the number of applicants who request to apply military education, training, or experience towards meeting licensure requirements per license type, and the number of requests accepted by the DRE.
- 3) Requires DRE, in every application for licensure, to inquire of the applicant about specified military service and training, and to post information on its website about military qualifications for licensure.
- 4) Requires DRE to submit to the Department of Justice (DOJ) fingerprint images required by DOJ for specified applicants and licensees for various salesperson, broker, and prepaid retail listing services licenses.
- 5) Specifies a licensee's email address is not a public record subject to disclosure under the California Public Records Act, unless required by an order of a court of competent jurisdiction.
- 6) Authorizes the Real Estate Commissioner to grant payment to an individual pursuant to the Consumer Recovery Account if the final judgement was established by proof by preponderance of the evidence, or a higher standard of proof.
- 7) Clarifies the automatic suspension of the respective license upon the date of payment from the Consumer Recovery Account is conditioned on the final judgment being established by proof by clear and convincing evidence.

- 8) Requires BREa, beginning July 1, 2026, to post specified information about its Recovery Account on its website, including eligibility requirements and the application process.
- 9) Requires BREa, upon receipt of a complaint by a licensee or a member of the public, to provide a notification to the complainant that includes eligibility requirements and the application process.
- 10) Requires BREa, by January 1, 2028, and annually thereafter, to submit to the Legislature a report detailing the balance of the Recovery Account, the number of applicants, the number of claims approved, and total payments made from the account.
- 11) Requires the bureau to conduct a study on the feasibility of mandatory licensing for real estate appraisers in California, as specified, and to report its findings to the appropriate committees of the Legislature by December 31, 2028.
- 12) Extends BAR's citation remedial training program to January 1, 2028.

FISCAL EFFECT:

1) DRE:

- a) Ongoing costs of approximately \$69.9 million (Real Estate Fund and other special funds) annually to support 386.7 positions for the continued operation of DRE's licensing and enforcement activities through January 1, 2030. This fund is fully self-supporting with fee revenue.
- b) DRE anticipates all costs resulting from the changes in this bill to be absorbable.

2) BREa:

- a) Ongoing costs of approximately \$6.7 million (Real Estate Appraisers Regulation Fund) annually to support 28.8 positions for the continued operation of BREa's licensing and enforcement activities through January 1, 2030. This fund is fully self-supporting with fee revenue.
- b) BREa estimates minor and absorbable costs to submit the Recovery Account report to the Legislature.
- c) One-time cost pressures over a two-year period of an unknown amount, potentially in the tens-of-thousands of dollars, to conduct a feasibility study on mandatory licensing for real estate appraisers and to report findings and recommendations to the Legislature by December 1, 2028. BREa indicates it plans to investigate this issue even without legislation and, therefore, anticipates costs to be absorbable. However, codifying the requirement obligates BREa to conduct the study and places potential pressure on BREa's budget.

- 3) BAR anticipates minor and absorbable costs from the extension of the citation and remedial training programs for automotive repair dealers. The total cost to establish and implement the program was approximately \$150,000 in 2021, including one-time costs. Ongoing costs to maintain the program are likely in the tens-of-thousands of dollars annually.

COMMENTS:

- 1) **Purpose.** This bill is one of seven sunset review bills advancing this year. According to the author, “This bill is necessary to make changes to DRE and BREa to improve oversight of the regulated professions under their jurisdiction.”
- 2) **Background. *DRE and BREa.*** DRE enforces the Real Estate Law, the Subdivided Lands Act, and the Vacation Ownership and Time-share Act of 2004. DRE licenses and regulates mortgage loan originators and real estate and prepaid listing service licensees; reviews and approves subdivision and timeshare offerings; and approves continuing education and pre-license courses. DRE licenses over 425,000 persons in California, including approximately 293,000 real estate sales persons and 132,000 real estate brokers.

BREA, within the Department of Consumer Affairs (DCA), licenses and regulates real estate appraisers in California and is responsible for the accreditation of educational courses and course providers for real estate appraiser licensing and certification. BREA issues about 8,800 licenses to real estate appraisers and appraisal management companies in California.

Oversight Hearings and Sunset Review. In March 2024, the Senate Business, Professions and Economic Development Committee and the Assembly Committee on Business and Professions (committees) began their comprehensive sunset review of ten regulatory entities, including DRE and BREa. The committees conducted three oversight hearings. This bill is one of seven sunset bills intended to implement legislative changes as recommended by staff of the committees, and reflected in the background papers prepared by committee staff for each agency and program reviewed this year.

BAR. The Automotive Repair Act (act) authorizes BAR to regulate the automotive repair industry in California. The act requires, among other things, that automotive repair dealers to register with BAR and be subject to specific requirements. BAR mediates consumer complaints, investigates violations of the act and related laws and regulations, and takes disciplinary action against registrants and licensees as authorized.

Existing law authorizes BAR to establish a process for informal review and recommendation on citations, including granting automotive repair dealers the ability to take a remedial training course to prevent disclosure of a citation on BAR’s website. These provisions include a sunset date of July 1, 2026. Since the implementation of this program, BAR and industry stakeholders indicate the remedial training program has been beneficial to licensees. BAR reports receiving no complaints or inquiries from the public regarding the program.

This bill extends the sunset date on the program to January 1, 2028, aligning it with the sunset date for BAR as a whole.

- 3) **Related Legislation.** Two additional sunset review bills are pending in this committee -- SB 775 (Ashby), Board of Psychology and Board of Behavioral Sciences, and SB 776 (Ashby), Board of Optometry.
- 4) **Prior Legislation.** SB 800 (Archuleta), Chapter 431, Statutes of 2021, extended the sunset dates of DRE and BREa to January 1, 2026, and made various changes to statute resulting from the joint sunset review of the entities, including expedited licensure for military personnel, veterans, and their spouses.

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